rezStream Hospitality Solutions

QUARTERLY CONNECT Q1 2014

Knowledge is Power!

They say knowledge is power, and I absolutely agree. The better you know your business, and the more knowledge you have about your industry and the tools that can help you, the more likely you are making good business decisions. Accordingly, we believe in educating and sharing our knowledge with you. We do that through this newsletter, from our website, via our email blasts, when we talk to you on the phone, through our webinars, and with tradeshow presentations and booths.

At the PAII show in January, Liz Day spoke on the state of online marketing and Kevin Guill presented on the latest in website strategies. At the CABBI show in February, Kevin hosted seven different roundtables and engaged in Internet marketing conversations with 50+ innkeepers. The following day he gave a formal presentation on the latest advancements in Internet marketing. Later this year, we expect to attend CH&LA in California with a focus on digital services. With our new Cloud PMS arriving soon (see inside for more details) we are also planning for some regional shows in the fall.

A recent push in the area of education has been the expansion of our webinar series this winter. We run both service-related webinars that are open to the public and exclusive marketing webinars just for our Internet marketing clients. In the past few months, we have covered topics on content marketing, Content Management System (CMS) website solutions, booking engines and the Global Distribution System (GDS). If you have not yet attended one of our webinars, I would encourage you to do so. On April 24th, Josh Wise will host a preview of our upcoming Cloud PMS reservation software. On May 15th, Joe Jenkin will speak to the power of images for websites. Visit www.RezStream.com/webinars for a complete schedule of future webinars and links to past presentations. Knowledge is power indeed – and who does not want to be powerful?

But knowledge alone is not enough. We also need to act on our knowledge. During my service in the Navy, we had a process of *planning, briefing, executing, and debriefing* for every mission. This process should apply to businesses as well. But too often we forget that last step, the *debrief*, because we are in such a hurry to move on to our next task. Unfortunately, when we rush on we often miss the education and improvement opportunity that comes from a good *debrief*.

At RezStream we try to "walk the talk" and learn from our own mistakes. So when we recently experienced two unrelated downtimes on client facing servers in two seperate locations (website hosting and booking engine) in the course of a few days, we *debriefed* internally to prevent or at least minimize future impact on our clients. As a result, we instituted stricter auditing practices of our hosting vendor. We also created a formal policy for better communication to clients during downtimes, including regular updates and statuses. All scheduled maintenance will be announced in advance, but a "successful completion" update is also warranted when the system is back live. Finally, more detailed server performance data has been added to our Key Performance Indicator (KPI) topics for our monthly management *debrief*.

Another example of the *debrief* practice extends to our Internet marketing clients. We spent a lot of time in the first quarter capturing and analyzing clients' results from 2013. We then *debriefed* on those results internally in order to design your 2014 marketing strategies. Thereafter, we shared those reports with you, and in many cases had conference calls to review them in detail to *debrief* and discuss our takeaways with you. Finally, we reviewed our proposed 2014 strategies with you for final agreement.

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Warm Regards,

Christian Holmsen

Christian Holmsen, CEO

Knowledge is Power CONTINUED

While each client is unique, here are some key *debrief* takeaways to share with everyone:

2014 EDUCATION

- An expansion to include more educational information was valued by many, and we will deliver on this trend in 2014 as noted above.
- Discussing annual strategies in the 1st quarter is not optimal. We understand clients are busy and find it difficult to allocate time. The result is a delay in imparting the important knowledge while it is fresh, sometimes by several weeks, or even months. In 2014, we will move the analysis and reporting to the end of the year and start executing revised annual strategies immediately in January.
- Google launched many new updates (Penguin, Panda, Enhanced Campaigns and Hummingbird, to name a few) and there was a big focus on developing and promoting high quality content pieces through branded websites, otherwise known as content marketing. We addressed both developments by welcoming Stephanie Johnson to our team to serve as a full-time social media and content specialist. When you read her article in this newsletter I think you will appreciate the importance of social media as all online marketing channels continue to converge.
- Mobile users are more important than ever and tablet/mobile bookings continue to grow. Guests are becoming more comfortable searching and reserving lodging through smartphones and tablets. We see increased traffic and online reservations compared to previous years for almost all properties. Therefore, it's very important that hotels have responsive websites that offer multi-device users a positive experience. As quality content continues to be a key factor in search engine exposure, it's critical to offer all pages on your website to these various types of device users. These two "must haves" for 2014 align with Google's goals of (1) offering a positive user experience and (2) rendering quality results to their searchers. Mobile use is not a fad, but the present and the future of hotel room purchases.

In the end there is no such thing as flawless execution, but we should all strive to get better. We rely on you in helping us get better and we thank you for your participation, insight, and feedback as we serve you. In the same manner, we want to be integral to your pursuit of perfection in hotel software, internet marketing and website design.

CLOUD PMS UPDATE

We are now 18 months into the development of our cloud based property management system (Cloud PMS). It has been fascinating and a lot of work, but we are starting to see the light at the end of the tunnel. We think you will be very pleased with this revolutionary new and redesigned reservation software from RezStream.

We previously expressed hope to see a launch in the March/ April timeframe. However, with our current alpha testing underway and our commitment to provide a quality product, summer seems realistic. August is our current best guess, but again, software development can be unpredictable when testing in the real world. On the positive side, we have made huge strides and our accomplishments during the past six months are incredibly encouraging. A fast, secure, sleek, and easy to use property management system is coming to life.

Most importantly for the long term, the Cloud PMS has a very powerful backend platform that will allow us to expand functionality in a lot of different directions, as well as create integration points to meaningful third party connections. Our "agile" development process will serve clients well as we will add on regular and frequent product updates with the push of a button.

With a decade of industry experience behind us we have a solid understanding for what hotels need and want in their future PMS. Every day we talk to dozens of clients and track your likes, dislikes and feature requests. To complement that experience we have also engaged with 20+ properties for an advisory group and exchanged ideas through structured conference calls, informal phone conversation, and email exchanges. Additionally, we conducted a large survey of our client base and the results further supported our experience and the advisory group's input. Consequently, the Cloud PMS is based on YOUR feedback, not what we think you need.

We have focused on building the right system flow, user configuration, rate management structure, occupancy maps, credit card processing, and other core product features. We have also developed contact management, tagging, searching, reporting, auto email, and other necessary features.

In the first quarter of 2014, we rolled out an alpha testing program with a small number of clients that have varying business practices and needs. Alpha testing is running smoothly with our developers working out minor bugs and improving the system architecture, flow, and features. The last few months have really validated our technology choices and the system's stability.

The Cloud PMS is still in development, but now contains all the functionality required to upload a property data base from RezStream Professional, manage units/rates/taxes, make reservations (by unit and by type), check guests in/out, take payments, manage contacts, and search for just about anything. We continue to improve user flexibility relating to shortcuts, group reservations, split billings, quick navigation, quote overrides, etc.

Finding a stable, secure, and efficient hosting platform for the Cloud PMS/BE is an important part of this process and we chose Microsoft Azure after successful testing of the application. Another huge win for properties is the auto email feature, including a template builder for a custom look.

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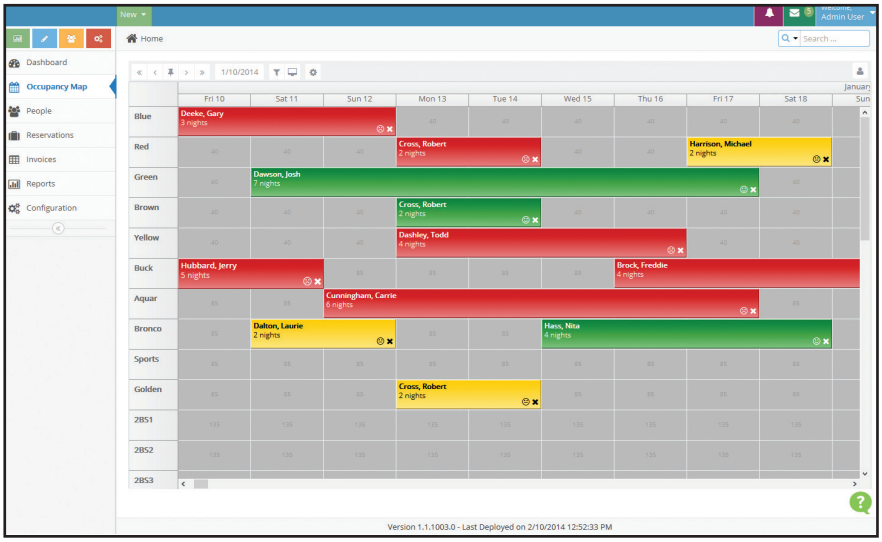
Below is a summary of various key aspects of the new Cloud PMS and its current status:

Navigation/Look & Feel/User Flow

We have received very positive comments across the board for the general layout of the system. People like what they see, find the new tabs easy to understand, and comment that work flow is much better than in RezStream Professional. We have heard comments like, "simple, clean, and intuitive." Left side navigation menu and other access points also seem to enhance the user experience.

System Access

The ability to access the Cloud PMS from any device and on any modern Internet browser is a big plus. The application adapts very well to small screens thanks to its responsive design element. Moreover, the application runs natively on the web so that it does not require any other software or plug-in on the user's device (like Java, Silverlight, Flash, etc.).

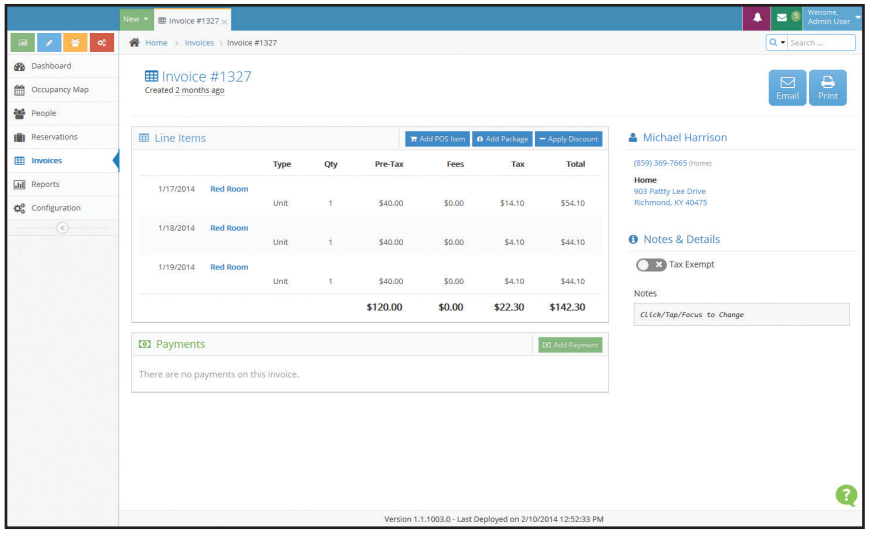


Property Setup/Data Migration

The Configuration menu has made these steps easy and customers who migrate from RezStream Professional will be able to upload their entire data base including all configuration and reservation history over to the Cloud PMS. Our skilled technical support team will assist customers with data upload and training when the time comes.

Security

The Cloud PMS has great security features for both data security and user/access security. With the data base residing in multiple locations in the cloud there is no need for backups by the property. However, we will still provide a mechanism that allows users to download a current copy of all their data at any time. User administrators can easily add new users and control user levels through the Configuration settings. Finally, we have built in an audit functionality in the system whereby all changes to a data base are recorded, so there is always an opportunity to investigate which users have made what changes after the fact.



Speed

Over the years we have heard concerns about the performance speed of RezStream Professional desktop software, in particular from those clients with large databases. Our engineers have gone to great lengths to ensure our new cloud platform will be very fast, and all the trials so far have demonstrated rapid response times. This is a function of a solid database structure combined with an application that is native to the web.

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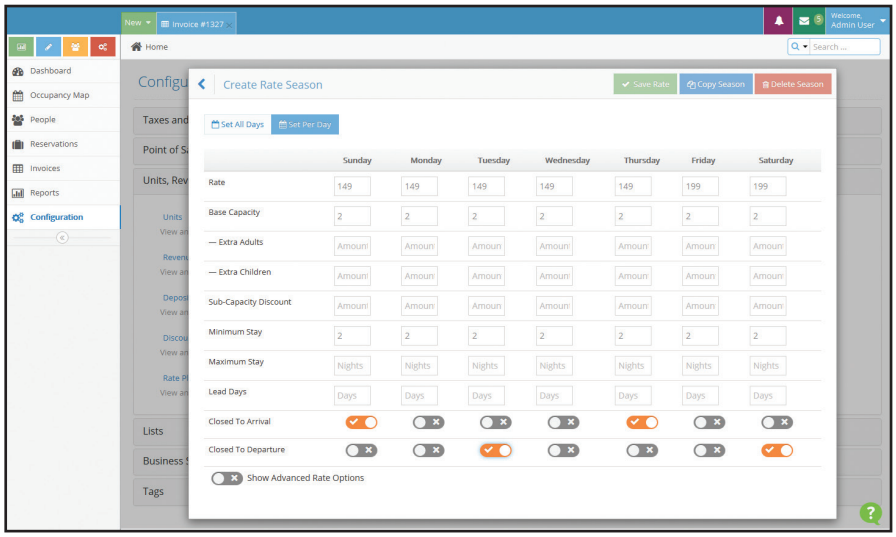
Rate Management

This topic is naturally of great interest to many people as it is at the heart of any reservation system. We kicked around many different ideas on how to best structure rate management based on units, seasonality, overrides, volume discounts, long-term stays, minimum stays, last minute changes, etc. We think we have found a good balance between these options. Properties with a lot of rates and seasons expressed a desire for more automation to mitigate manual rate changes. We are working on various rules to address those requests.

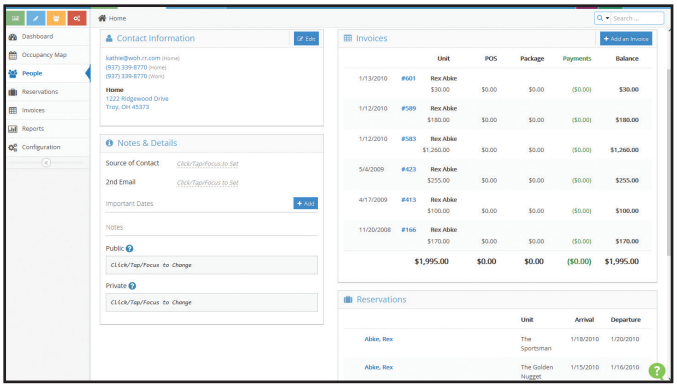


Reservations

The Cloud PMS has a very dynamic occupancy map that combines all reservation critical information right there on one screen – quoting, history, room descriptions and more. Advisory participants and alpha testers seemed to like the "click and drag" functionality that they are used to in RezStream Professional as well as being able to see complete quotes built on the fly.

Contacts & Search

This section has been renamed "People" in the Cloud PMS. Users can create and update records and we have built in a powerful tagging feature. The tagging function in particular received some great attention from the advisory group and testers and can best be described as "very streamlined." We are excited to have this functionality in the initial release. The system will also include a powerful search feature (think Google search engine style) which will certainly make contact data very accessible and beneficial to any user.



Reporting

Clients have varying needs for different reports. Some rely heavily on housekeeping reports and some more on financial data. Although we did not demonstrate reporting in our advisory group sessions or during alpha testing we will have standard reporting functionality in the initial release. The PMS will also include a "Dashboard" that renders a handful of up-to-the-minute reports on key business performance measures. In the long term, our plan is to offer a "report writer" function so users can build their own reports with whatever data they want. However, this is a very technically challenging feature so it's unlikely we'll see this feature right away.

What's next?

In May, we will phase into beta testing. At this stage less complex properties with basic system needs will be able to test their businesses on the system parallel to operating their current PMS. We will advance this test period from a handful of properties initially to several dozen properties later on based on the feedback and experience. By controlling the pace and size of our beta population we will better accommodate and respond to the feedback we receive. Depending on our experience in beta, this period will last for a few months. It is important that we bring a clean product and a great user experience to market, so we will contain our temptation to make the Cloud PMS available prematurely.

In addition to managing and addressing beta user responses, our focus for the next few months will be on completing and perfecting the features identified for launch. Some of the more significant ones include, reporting, dashboards, booking engine integration, GDS integration, and data exports. Our goal is to have all these sections completed before launch. We will simultaneously conduct a formal quality assurance test cycle, prepare product documentation, build an online knowledgebase/user manual and prepare our technical support staff to onboard clients.

On April 24th, Josh Wise will host our first webinar introducing the Cloud PMS. We hope you will attend this exciting introduction. Look for email invitations on how to sign up, or visit our webinar signup page at www.RezStream.com/webinars. Stay tuned.

STAY Socially Savvy with Your Guests

Stay Socially Savvy with Your Guests

They subscribed to my blog, liked my post on Facebook, and have been retweeting and re-pinning my content. I know they plus-oned me on Google so you could say they're pretty engaged with my brand!

Wait, what?

The new generation of consumers and hotel guests are actively engaged in social networks and expect a company they're going to spend money with to be online. In fact, 73 percent of online adults use a social network and 42 percent use multiple social networking sites (Pew Research Center), while 46 percent of web users turn to social media before making a purchase (Social Media Today). Marketing efforts are no longer geared toward one-way communication, your guests want to be invited to the conversation and they expect you to be an active participant.

Why is social media so important to your business?

- Consumers expect to find your brand online. If you have no social media presence, they'll find a business that does. It's the new way of establishing credibility with your guests. Guests want to know they can reach you through a variety of online sources as well as learn more about your brand at their leisure.
- You may not be online, but people talking about your business are! By being a part of the conversation, you can influence how your guests present your property to others as well as address any concerns before they become viral issues.
- It's a hybrid and extension of marketing and customer service. Not only can you share information about your property, you can make sure your guests' questions are responded to in a timely manner.

Stay Socially Savvy with Your Guests - Continued

Social media basically allows you to have some control over the conversation and tone around your brand. It also creates an opportunity to build a relationship with your guests and turn them into repeat visitors as well as brand ambassadors.

What's the goal of social media marketing?

In business, we focus on the Return on Investment (ROI) and that generally equates to a dollar amount. Unfortunately, the nature of social media is not sales focused. People engage with brands on social networks to learn, be entertained, or feel a connection with the identity of the brand. Social users know where to go to buy from you; they want something of value showing up in their news feed. Sales are valuable to you, but not so much for your social followers.

Some common goals for social media marketing include:

- Establish relationships – Create brand ambassadors and re-engage with fans that take the time to comment on your posts.
- Generate conversations – The more you can get your fans involved in a post, by asking them to comment/like/share, the more exposure your post and your page will get.
- Provide value – This relates to not being a promotional tool. An industry best practice is to follow the 80/20 rule which states that 80% of your posts should be informative or entertaining while the other 20% can be promotional or specifically about your property.

What networks should you focus on?

It seems there's a new social network emerging every single day. While it's easy to get wrapped up in wanting to be part of the latest and greatest, we need to focus on what networks your guests are on and creating a strategy to use that network well. You wouldn't pay for an advertisement that simply says, "coming soon." So why would you join a network without knowing what to do on it?

For a well-rounded social media presence, I recommend hotels focus on the two big players to start: Facebook and Google+.

Facebook recently celebrated its 10th birthday and by its continual improvements to the site there's no sign that this network is going away anytime soon. There have been recent reports citing a lack of younger users, but for most property owners your key demographic is still using Facebook, most likely on a daily basis via their desktop or mobile phone.

Facebook best practices:

- Test different types of content! Find out what content your guests want to see from you, some want infographics, some want news articles, some want top ten tips for visiting your city, some want ideas of where to go for dinner, some want inspirational quotes to motivate them to travel more, and the list just goes on. The only way you can provide value to your guests is figuring out what they deem valuable.
- Post a variety of content. They say variety is the spice of life and that's true online as well. Share photos, links to your website or local news stations, event information, etc.
- Keep posts short and concise, think of the 140 character limit on Twitter.
- Establish your property's voice. I'd recommend using the collective "we" instead of the first person point of view. Unless your fans know specifically who the "I" is, the "we" is industry standard.

Google+ is a young social network compared to Facebook, having opened the platform to everyone in September 2011. Google+ does seem to push content from plus accounts into organic search results making your content easier to find and branded with your name.

Google+best practices:

- Like Facebook, post a variety of content, from photos to links to motivational quotes.
- Google+ is also very visually dominant, but they take it a step beyond Facebook and allow users to use Graphics Interchange Format (GIFS), those soundless images that continually loop.
- Hashtags are used by users and aid in the search function of Google+, so find appropriate hashtags relevant to your property #DoNotHashtagEveryWordInYourPost.

Isn't social media just a fad?

As social media continues to evolve, together with the overall state of the Internet, it's important to continue to focus on quality content and visuals.

The average social media user can be summed up as an adult with ADD. With so many things competing for our attention, brands have to offer something unique and timely. Networks will continue to evolve to adapt to users' demands and changing online habits.

One thing's for sure: social media is the state of the Internet. It's not going away. It's only going to become more refined with more savvy users that are adept at spotting sales pitches. Social is not sales. Social is listening and conversing with your guests.

Stay Socially Savvy with Your Guests - Continued

If there are three key takeaways from this article, they should be:

1. Content is King. Social networks are placing higher value on quality content and consistent quality content.
2. It's all about the visuals. Photos on Facebook receive 39% more interaction than text updates and with networks like Pinterest on the rise, it's becoming crucial to utilize visuals in social media marketing.
3. Social is not a sales tool. The end all goal of all marketing is of course creating sales, but to do social media marketing successfully the goal should be to create relationships with your guests.

If you're unsure of where to start when it comes to social media marketing, please feel free to reach out to me with your questions at stephanie.johnson@rezstream.com.
Thanks for taking the time to read!

Stephanie Johnson | Social Media Specialist

More Bookings with the Global Distribution System

Are travel websites for you?

Are you looking for ways to find new guests? Fill midweek bookings? Grow your online presence outside Google and Bing search results?

The Global Distribution System (GDS) might be just what you're looking for! The GDS lists your property's inventory on hundreds of travel sites like Expedia and Hotels.com and shares your information with more than 600,000 travel agents. The GDS automatically integrates with your RezStream Professional reservation software and online booking engine, leaving you time to focus on your guests. What's in it for you?:

- Increases your online exposure which drives traffic to your website
- Potential for revenue increase
- You can take advantage of online travel agents' marketing efforts
- Help fill midweek vacancies

Why not just sign up directly with a travel website like Expedia?
Signing a direct merchant agreement with a website can be a good fit for some properties. But using a GDS service allows you to sign one agreement and be listed on hundreds of travel websites instead of having separate agreements for each site. A direct merchant agreement will cost between 15 – 25% per booking, and it has no direct connection to your reservation software. The GDS service, on the other hand, is only 10% plus a flat fee of $17.50 per booking, and it includes a direct two-way connection to your RezStream Professional software.

I'm interested but need to know what the investment is.
Normally the one-time setup fee is $750 including a year of support service. However, through the month of May we have a special offer at only $50 for the setup fee and a year of support. We want to help make your property's online marketing as successful as it can be with this instant savings of $700.

GDS setup fee is only $50 - Until May 31, 2014

Still have a few questions or want to get started?
Contact us at sales@rezstream.com or 866-360-8210.

EMPLOYEE SPOTLIGHT
Stephanie Johnson

What do you do at RezStream?
I'm a Social Media Specialist. My role is to assist clients with their social media and content needs. This can range from creating and curating content for their social networks, to managing their accounts for consistency and use of best practices, to writing content for email newsletters and blogs.

What is it about writing/authoring content that is so appealing to you?
Writing is so appealing to me because it's turning my imagination into something tangible. The ability to accurately and creatively convey information is a rewarding challenge.

Why should hotels pay attention to Social Media?
I truly believe that social media marketing can be summed up as a hybrid of marketing and customer service; it's an opportunity to influence and engage. A trend in social media marketing is called "humanizing" the brand, making a company relatable and personable. People love being connected and sharing things they're passionate about. Luckily for hotels there are a lot of people that are passionate about travel and are looking for content they want to share.

How would you describe RezStream's office vibe?
RezStream's culture is great because everyone is passionate about what they do. They're wicked smart and know how to have fun.

If you could spend an afternoon with any person, dead or alive, who would you choose and why?
Michael J. Fox. Not only does he make me laugh, and laughing is probably my favorite thing to do, he is also an inspiration that life is unpredictable and that happiness is a decision. He's an eternal optimist and has an enthusiasm for life that's infectious. If he could put me in touch with Doc Brown that would just be icing on the cake.

How do you feel about Dalmatians? Really?
If I could live in Disney's *101 Dalmatians*, I would in a heartbeat! There is at least one Dalmatian themed item in every room of my apartment…